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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

QUAD/TECH INC., a Wisconsin Corp.,

Plaintiff,

v.

Q.I. PRESS CONTROLS B.V. of The
Netherlands, AND

Q.I PRESS CONTROLS NORTH AMERICA
LTD., INC., a Rhode Island Corp.,

Defendants.

Civil Action No.: CV 10-2243 CRB

**QUAD/TECH INC.'S
OPPOSITION TO DEFENDANT
QIPC-NA'S MOTION TO
DISMISS OR TRANSFER**

Date: November 5, 2010

Time: 10:00 a.m.

Dept.: Courtroom 8, 19th Floor

Judge: Honorable Charles R. Breyer

TABLE OF CONTENTS

	<u>Page</u>
I. Background	1
II. Argument	1
A. The “Doctrine of Claim Splitting” Does Not Apply to This Case.	2
1. The Rule Against “Claim Splitting” Is To Prevent Duplicative Claims.....	2
2. The Rule Against Claim Splitting Does Not Apply to a New Patent.	2
3. The Rule Against Claim Splitting Does Not Apply to a New Product.....	3
4. The Denial of Quad/Tech’s Motion to Amend Does Not Change the Result.	5
B. The “First-to-File” Rule Does Not Mandate Dismissal of This Case.	8
1. The “First-to-File” Rule Is Meant To Eliminate Duplicative Cases Unlike This Case.	8
2. There Is Not a Substantial Overlap of Issues Between the Two Suits.	9
C. This Case Should Not Be Transferred to Pennsylvania.	10
1. The Court Cannot Transfer Because This Case Could Not Have Been Brought in Pennsylvania.	10
2. The Factors Do Not Weigh in Favor of Transfer.....	11
III. Conclusion.	15

TABLE OF AUTHORITES**Page****Cases**

<i>Abbey v. Mercedes Benz of N. Am., Inc.</i> , 138 Fed. Appx. 304 (Fed. Cir. 2005)	5
<i>Abbott Diabetes Care, Inc. v. Dexcom, Inc.</i> , No. 06-cv-514, 2007 WL 2892707 (D. Del. Sept. 30, 2007)	6
<i>ACC Climate Control v. Bergstrom, Inc.</i> , No. 07-cv-125, 2010 WL 746750 (N.D. Ind. Mar. 2, 2010)	6
<i>Acumed LLC v. Stryker Corp.</i> , 525 F.3d 1319 (Fed. Cir. 2008)	<i>passim</i>
<i>Adams v. California Dept. of Health Servs.</i> , 487 F.3d 684 (9th Cir. 2007)	2, 7
<i>Adoma v. University of Phoenix, Inc.</i> , F. Supp. 2d ___, 2010 WL 1797263 (E.D. Cal. May 3, 2010)	12
<i>Alltrade, Inc. v. Uniweld Products, Inc.</i> , 946 F.2d 622 (9th Cir. 1991)	8
<i>American Stock Exch., LLC v. Mopex, Inc.</i> , 215 F.R.D. 87 (S.D.N.Y. 2002)	7
<i>Bayer Schera Pharma AG v. Sandoz, Inc.</i> , No. 08-cv-3710, 2009 WL 440381 (S.D.N.Y. Feb. 18, 2009)	10
<i>Biogenex Labs, Inc. v. Ventana Med. Sys., Inc.</i> , No. C-05-860-JF, 2005 WL 1869342 (N.D. Cal. Aug. 5, 2005)	6, 7
<i>Black & Decker, Inc. v. Robert Bosch Tool Corp.</i> , 500 F. Supp. 2d 864 (N.D. Ill. 2007)	7
<i>Candela Corp. v. Palomar Med. Techs., Inc.</i> , No. 06-cv-277, 2007 WL 738615 (E.D. Tex. Feb. 22, 2007)	14
<i>Comair Rotron, Inc. v. Nippon Densan Corp.</i> , 49 F.3d 1535 (Fed. Cir. 1995)	3
<i>Commercial Lighting Prods., Inc. v. United States Dist. Court</i> , 537 F.2d 1078 (9th Cir. 1976)	10
<i>ConnecTel LLC v. Cisco Sys., Inc.</i> , No. 04-cv-396, 2005 WL 366966 (E.D. Tex. Feb. 16, 2005)	15
<i>Costco Wholesale Corp. v. Liberty Mut. Ins. Co.</i> , 472 F. Supp. 2d 1183 (S.D. Cal. 2007)	12
<i>Cummins-Allison Corp. v. Glory Ltd.</i> , No. 03-cv-358, 2004 WL 1635534 (E.D. Tex. May 26, 2004)	6, 8, 9, 14
<i>Decker Coal Co. v. Commonwealth Edison Co.</i> , 805 F.2d 834 (9th Cir. 1986)	11
<i>Digby Adler Group LLC v. Image Rent A Car, Inc.</i> , No. 10-cv-617, 2010 WL 2867134 (N.D. Cal. Jul. 20, 2010)	13
<i>Document Gener. Corp. v. Allscripts, LLC</i> , No. 08-cv-479, 2009 WL 2824741 (E.D. Tex. Aug. 27, 2009)	9
<i>Durney v. WaveCrest Labs., LLC</i> , 441 F. Supp. 2d 1055 (N.D. Cal. 2005)	7
<i>Ethicon Endo-Surgery, Inc. v. Hologic, Inc.</i> , No. 09-cv-580, 2009 WL 3333933 (D. Del. Oct. 15, 2009)	15
<i>Everpure, LLC v. Selecto, Inc.</i> , No. 09-cv-2844, 2010 WL 480970 (C.D. Cal. Feb. 3, 2010)	14
<i>Florens Container v. Cho Yang Shipping</i> , 245 F. Supp. 2d 1086 (N.D. Cal. 2002)	11, 12
<i>Forte Capital Partners v. Harris Cramer</i> , No. 07-cv-1237, 2007 WL 1430052 (N.D. Cal. May 17, 2007)	11

1	<i>Foster v. Hallco Mfg. Co.</i> ,	
2	947 F.2d 469 (Fed. Cir. 1991).....	4, 5
3	<i>Garmin Ltd. v. TomTom, Inc.</i> ,	
4	No. 06-cv-338, 2007 WL 708587 (E.D. Tex. Mar. 5, 2007)	15
5	<i>Hajjar v. Blue Cross & Blue Shield of Texas</i> ,	
6	No. 09-cv-362, 2009 WL 2902482 (C.D. Cal. Sept. 10, 2009)	13
7	<i>Hoffman v. Blaski</i> ,	
8	363 U.S. 335 (1960).....	10, 11
9	<i>Intersearch Worldwide, Ltd. v. Intersearch Group, Inc.</i> ,	
10	544 F. Supp. 2d 949 (N.D. Cal. 2008)	9
11	<i>J2 Global Communs., Inc. v. Protus IP Solutions, Inc.</i> ,	
12	No. 08-cv-211, 262, 2008 WL 5378010 (E.D. Tex. Dec. 23, 2008).....	15
13	<i>Kearns v. General Motors Corp.</i> ,	
14	94 F.3d 1553 (Fed. Cir. 1996).....	3
15	<i>Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.</i> ,	
16	342 U.S. 180 (1952).....	9
17	<i>Mars Inc. v. Nippon Conlux Kabushiki-Kaisha</i> ,	
18	58 F.3d 616 (Fed. Cir. 1995).....	2
19	<i>National Steel Car, Ltd. v. Canadian Pac. Ry., Ltd.</i> ,	
20	357 F.3d 1319 (Fed. Cir. 2004).....	5
21	<i>Nice Sys., Inc. v. Witness Sys., Inc.</i> ,	
22	No. 06-cv-311, 2006 WL 2946179 (D. Del. Oct. 12, 2006)	15
23	<i>Nokia Corp. v. Buca, Inc.</i> ,	
24	No. 01-cv-2313, 2002 WL 1461913 (N.D. Tex. Jul. 2, 2002).....	14
25	<i>Pacesetter Sys., Inc. v. Medtronic, Inc.</i> ,	
26	678 F.2d 93 (9th Cir. 1982).....	8
27	<i>Pacific Car and Foundry Co. v. Pence</i> ,	
28	403 F.2d 949 (9th Cir. 1968).....	14
	<i>Rosco, Inc. v. Mirror Lite Co.</i> ,	
	304 F.3d 1373 (Fed. Cir. 2002).....	5
	<i>Sandisk Corp. v. ITE Techs., Inc.</i> ,	
	No. 07-cv-605& 607, 2010 WL 1410728 (W.D. Wis. Apr. 2, 2010)	5
	<i>SciMed Life Sys. v. Advanced Cardio. Sys., Inc.</i> ,	
	51 U.S.P.Q. 2d 1221 (N.D. Cal. 1999).....	2, 3
	<i>Sec. Investor Protection Corp. v. Vigman</i> ,	
	764 F.2d 1309 (9th Cir. 1985).....	12
	<i>Sensormatic Sec. Corp. v. Sensormatic Electronics Corp.</i> ,	
	329 F. Supp. 2d 574 (D.Md. 2004)	7
	<i>Single Chip Sys. Corp. Intermec IP Corp.</i> ,	
	495 F. Supp. 2d 1052 (S.D. Cal. 2007).....	7
	<i>SmithKline Beecham Corp. v. Geneva Pharms., Inc.</i> ,	
	No. 99-cv-2926, 2000 WL 217642 (E.D.Pa. Feb. 11, 2000)	15
	<i>Trujillo v. GT USA, Inc.</i> ,	
	No. 09-cv-5179, 2010 WL 809505 (N.D. Cal. Mar. 5, 2010).....	12
	<i>Walton v. Eaton Corp.</i> ,	
	563 F.2d 66 (3d Cir. 1977).....	7
	<i>Western Sys., Inc. v. Ulloa</i> ,	
	958 F.2d 864 (9th Cir. 1992).....	7
25	<u>Statutes</u>	
26	28 U.S.C. § 1404(a)	2, 10, 11
27	35 U.S.C. § 282.....	5

SUMMARY OF ARGUMENT

This Case Is Not Similar to, Duplicative of, or Redundant with the Pennsylvania Case.

- This patent case involves a different product, a color control product called “IDS,” than that at issue between these parties in the case pending in the Eastern District of Pennsylvania, a register control product called “mRC.” *Quad/Tech, Inc. v. Q.I. Press Controls B.V., et al.*, No. 09-2561-ER, U.S.D.C., E.D.Pa. (“Pennsylvania Case”).
- This case involves a wholly different patent, U.S. Patent No. 7,032,508 (“the ‘508 Patent”), that is not at issue in the Pennsylvania Case.
- This case involves entirely different claims of a second patent, U.S. Patent No. 5,412,577 (“the ‘577 Patent”), than those claims asserted in the Pennsylvania Case.

Despite These Critical Distinctions, Defendant Q.I. Press Control (“QI”) Has Moved To Dismiss Quad/Tech Inc.’s Complaint Under Numerous Unsupportable Theories.

- First, QI erroneously argues that this case impermissibly splits a claim asserted in a prior case between the parties, the Pennsylvania Case.
 - The rule against claim splitting prevents parties from splitting a single cause of action into separate grounds of recovery and asserting the separate grounds in successive lawsuits. *Mars Inc. v. Nippon Conlux Kabushiki-Kaisha*, 58 F.3d 616, 619 (Fed. Cir. 1995).
 - The rule against claim splitting does not apply when the two cases involve different products and different patents. *Kearns v. General Motors Corp.*, 94 F.3d 1553, 1555-56 (Fed. Cir. 1996); *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1323 (Fed. Cir. 2008).
 - This case involves accusations against defendants’ color control product, the Intelligent Density Control System (“IDS”). The Pennsylvania Case involves accusations against defendants’ register control products, the mRC product. Different products at issue in the two cases give rise to separate causes of action. The Federal Circuit is clear on this point: “[T]he sale of one product constitutes a different

transaction from the sale of another product, even if both products infringe the same patent.” *Acumed*, 525 F.3d at 1324 (citing *Foster v. Hallco Mfg. Co.*, 947 F.2d 469 (Fed. Cir. 1991)).

- The case involves an entirely different patent NOT asserted in the Pennsylvania Case, the ‘508 Patent.
- Although this case also involves a patent asserted in the Pennsylvania Case, the ‘577 Patent, the claims asserted in this case are separate and distinct from the claims asserted in Pennsylvania. The law is clear on this point: “Each patent asserted raises an independent and distinct cause of action.” *Kearns.*, 94 F.3d at 1555-56 (Fed. Cir. 1996).
- Critically, Quad/Tech sought to amend its complaint in the Pennsylvania Case to include the product now at issue in this case. QI objected to that motion. Having done so, QI cannot now be heard to seek a transfer there. *Cummins-Allison Corp. v. Glory Ltd.*, No. 03-cv-358, 2004 WL 1635534, at *3 (E.D. Tex. May 26, 2004) (motion to transfer denied in subsequent action where defendant previously object to motion to amend).
- Second, QI erroneously argues that this case and the Pennsylvania Case sufficiently overlap such that this case should be dismissed under the “first-to-file” rule in favor of the first-filed Pennsylvania Case.
 - The “first-to-file” rule does not apply here.
 - Under the first-to-file rule, the Court may—at its discretion—transfer, stay, or dismiss an action when a similar action has been filed previously in another district. *Alltrade, Inc. v. Uniweld Products, Inc.*, 946 F.2d 622, 625-26 (9th Cir. 1991).
 - In determining whether the “first-to-file” rule applies, this Court must determine whether there is substantial overlap between the two suits. *Intersearch Worldwide, Ltd. v. Intersearch Group, Inc.*, 544 F. Supp. 2d 949, 959-60 (N.D.Cal. 2008).

- As to the product at issue in this case, this case is the “first-filed case” in that the product at issue here was NOT at issue in Philadelphia.
 - As to the first patent at issue in this case, the ‘508 Patent, this is the “first-filed case” because that patent was NOT asserted in the Philadelphia Case.
 - Given that this case involves a different product, a different patent, and different claims of a second patent, there is no overlap. *See Cummins-Allison Corp.*, 2004 WL 1635534, at *3.
- As a third argument, QI posits that this case should be transferred to the Eastern District of Pennsylvania pursuant to 28 U.S.C. § 1404(a). The transfer statute does not permit moving this case to Pennsylvania, and analysis of the relevant transfer factors reveals that transfer is inappropriate.
 - QI had its chance to have this product, the IDS, be part of the Pennsylvania Case, but they opposed Quad/Tech’s motion to amend.
 - Quad/Tech could not have brought this case against QI in Pennsylvania because there is neither general nor specific jurisdiction over defendants there for purposes of this action. QI’s consent to submit to jurisdiction in Pennsylvania does not satisfy this requirement of section 1404(a). *Hoffman v. Blaski*, 363 U.S. 335, 342-44 (1960).
 - QI further fails to prove that a transfer of this case would be warranted under 28 U.S.C. § 1404(a) for the convenience of the parties and witnesses and in the interest of justice. QI has the burden to prove that the balance of the conveniences and justice factors “tip strongly” in favor of transfer of venue. *Florens Container v. Cho Yang Shipping*, 245 F. Supp. 2d 1086, 1091-92 (N.D. Cal. 2002). QI failed to present affidavits or declarations to establish the facts supporting transfer, which is fatal to its transfer request. Finally, analysis of each of the private and public factors considered in determining whether transfer is appropriate weighs strongly against transfer.

I. BACKGROUND

Mass-printing of color newspapers, magazines, and other mass-market materials requires precise control of the images being printed, including control of ink thickness and density to get the right-looking colors (“color control”) and positioning different colored ink-dots in the right locations relative to each other (“registration” or “register control”). Plaintiff Quad/Tech Inc. (“Quad/Tech”) is an industry leader in control systems and equipment, including both color control and register control systems. (First Amended Complaint for Patent Infringement (“FAC”) at ¶ 6.) Quad/Tech has developed significant improvements in these areas, and holds a number of patents on this technology, including two at issue here: U.S. Patent No. 5,412,577 “Color Registration System For a Printing Press” (“the ‘577 Patent”), and U.S. Patent No. 7,032,508 “Printing Press” (“the ‘508 Patent”). (*Id.* at ¶¶ 13, 17 & 22.)

In the mid-1990s, two former Quad/Tech employees formed a competing company, Q.I. Press Controls (“QI”), to market technology developed while they were still at Quad/Tech. (*Id.* at ¶¶ 18-20.) In 2009, Quad/Tech sued QI in the Eastern District of Pennsylvania for infringing certain claims of Quad/Tech’s ‘577 Patent, and for unfair competition and violations of the Lanham Act (the “Pennsylvania Case”). (Declaration of Marc David Peters, Exh. B.) Quad/Tech accused QI’s register control product, called the “mRC System” (“mRC”), of patent infringement, and sought an injunction against QI. (*Id.* at pp. 12-14.) The injunction was denied, and Quad/Tech has appealed this denial. The entire district court case has been stayed pending appeal. (Peters Decl., Exh. A (Docket Entry Nos. 100 & 110).)

In this suit, Quad/Tech accuses a *different QI product*, a color control product—Intelligent Density Control System (“IDS”)—of infringing a *different patent* not at issue in the Pennsylvania Case—the ‘508 Patent. Quad/Tech also charges that QI’s IDS product infringes, *different* claims of the ‘577 Patent not at issue in the Pennsylvania Case. (Declaration of Frederick A. Tecce at ¶ 6.)

II. ARGUMENT

QI argues that Quad/Tech’s complaint should be dismissed in its entirety under the doctrine of “claim splitting.” This doctrine, however, does not apply to this case because it

1 involves a different product, a new patent and different patent claims. QI also argues that the case
 2 should be dismissed under the “first-to-file” rule. This rule is similarly inapplicable here.
 3 Finally, QI argues that the case should be transferred to Pennsylvania if the Court does not
 4 dismiss it. But properly analyzed, the 28 U.S.C. § 1404(a) transfer factors preclude transfer.

5 **A. The “Doctrine of Claim Splitting” Does Not Apply to This Case.**

6 **1. The Rule Against “Claim Splitting” Is To Prevent Duplicative Claims.**

7 The rule against claim splitting prevents parties from “split[ting] a cause of action into
 8 separate grounds of recovery and rais[ing] the separate grounds in successive lawsuits”
 9 *Mars Inc. v. Nippon Conlux Kabushiki-Kaisha*, 58 F.3d 616, 619 (Fed. Cir. 1995). Akin to (but
 10 not) *res judicata*, the claim-splitting rule “borrow[s] from the test for claim preclusion” in
 11 determining whether a subsequent suit is duplicative of a prior one. *Adams v. California Dept. of*
 12 *Health Servs.*, 487 F.3d 684, 688-89 (9th Cir. 2007). The court is to determine “whether the
 13 causes of action and relief sought, as well as the parties or privies to the action, are the same.” *Id.*
 14 at 689.

15 Generally, courts apply regional circuit law in evaluating this issue. *See, e.g., Acumed*
 16 *LLC v. Stryker Corp.*, 525 F.3d 1319, 1323 (Fed. Cir. 2008); *Mars Inc.*, 58 F.3d at 618. However,
 17 in patent infringement cases, the U.S. Court of Appeals for the Federal Circuit applies its own law
 18 to determine whether the two causes of action are the same. *See Acumed*, 525 F.3d at 1323-24.
 19 Regional circuit law then controls other issues not unique to patent law. *See id.*; *Mars Inc.*, 58
 20 F.3d at 618-19 (applying Ninth Circuit law in patent infringement case to determine whether
 21 parties were in privity); *SciMed Life Sys. v. Advanced Cardio. Sys., Inc.*, 51 U.S.P.Q. 2d 1221,
 22 1223 (N.D. Cal. 1999) (distinguishing *Mars Inc.* as not turning on core question sounding in
 23 patent law).

24 **2. The Rule Against Claim Splitting Does Not Apply to a New Patent.**

25 In this action, Quad/Tech has asserted that the defendants’ color density control system
 26 infringes certain claims of the ‘508 Patent. (FAC at ¶ 36.) The ‘508 Patent was never asserted in
 27 the Pennsylvania case. (*See Peters Decl., Exh. B at passim.*) QI argues that the ‘508 Patent
 28 infringement claim in this case “share[s] a common factual basis” with the ‘577 Patent

1 infringement claim in the Pennsylvania Case, and thus that the claim-splitting doctrine bars
 2 Quad/Tech's assertion of the '508 Patent here. (Motion at 6:17-22.) But QI misapplies the law
 3 and misstates the facts.

4 Quad/Tech's claim here under the '508 Patent is a wholly different cause of action than
 5 the claim it asserted in Pennsylvania under the '577 Patent. "By statutory and common law, each
 6 patent establishes an independent and distinct property right. . . Each patent asserted raises an
 7 independent and distinct cause of action." *Kearns v. General Motors Corp.*, 94 F.3d 1553, 1555-
 8 56 (Fed. Cir. 1996).¹ "Separate patents describe separate and distinct [inventions] and it can not
 9 be presumed that related patents rise and fall together." *Comair Rotron, Inc. v. Nippon Densan*
 10 *Corp.*, 49 F.3d 1535, 1539 (Fed. Cir. 1995); *see also SciMed Life Sys.*, 51 U.S.P.Q. 2d at 1222-23
 11 (motion to dismiss denied in second litigation involving same parties and products but involving
 12 different, though closely related, patent than that asserted in earlier suit). Accordingly, QI's
 13 motion to dismiss Quad/Tech's claim for infringement of the '508 Patent in this case must be
 14 denied.

15 3. The Rule Against Claim Splitting Does Not Apply to a New Product.

16 The doctrine of claim-splitting is inapplicable not just because of the new patent, but also
 17 because of the newly-accused product. In the present case, Quad/Tech accuses the defendants'
 18 color control product, the Intelligent Density Control System ("IDS"). (FAC at ¶ 29.) In the
 19 Pennsylvania Case, Quad/Tech accused the defendants' register control products, namely the
 20 mRC System ("mRC") (Pennsylvania FAC at ¶ 50.) Different products are thus at issue in the
 21 two cases.²

22
 23 ¹ In *Kearns*, Kearns sued General Motors for infringement of twenty-one patents, five of
 24 which had been previously asserted against GM and dismissed with prejudice. The district court
 25 dismissed the subsequent suit in its entirety, holding that all the patents should have been asserted
 26 in the first litigation. *Id.* at 1554. The Federal Circuit vacated the dismissal as to the sixteen
 patents that Kearns asserted for the first time in the second suit. *Id.* at 1555-56. The court
 reasoned: "When . . . bar[ring] causes of action that were not before the court in [a] prior action,
 due process of law and the interest of justice require cautious restraint." *Id.* at 1556.

27 ² In the Pennsylvania Case, the court ordered a stay solely due to Quad/Tech's appeal of
 28 preliminary injunction rulings about the defendants' mRC register control product. That product
 is not at issue here. As such, neither the pending appeal nor the facts underlying it will have any
 (Footnote continues on next page.)

1 In weighing claim preclusion, both the Federal Circuit and our Circuit follow the
 2 “transactional” approach. *Acumed*, 525 F.3d at 1323-24. Under this approach, the sale of one
 3 product constitutes a different transaction from the sale of another product, even if both products
 4 infringe the same patent. *Acumed*, 525 F.3d at 1324 (citing *Foster v. Hallco Mfg. Co.*, 947 F.2d
 5 469 (Fed. Cir. 1991)).

6 *Acumed* held that claim preclusion does not bar patentees from asserting infringement of
 7 the same patent in successive lawsuits against different products, so long as the products are not
 8 “essentially the same.” *Id.* at 1323-24. “Accused devices are ‘essentially the same’ where the
 9 differences between them are merely ‘colorable’ or ‘unrelated to the limitations in the claim of
 10 the patent.’” *Id.* at 1324 (quoting *Foster*, 947 F.2d at 480).³ Importantly, in *Acumed*, the Federal
 11 Circuit expressly rejected the notion that if during the course of a first suit the patentee had
 12 knowledge of another product and “could have” brought it into the first suit, claim preclusion
 13 would apply to bar a second suit involving that product. 525 F.3d at 1325-26.

14 The IDS color density control system at issue here is a completely different product than
 15 the mRC register control device at issue in the Pennsylvania Case. The IDS and mRC systems
 16 are completely different systems sold by QI. The functionality of each of the systems is different.
 17 The IDS is a color control system used to control ink thickness and density to get the right
 18 looking colors. On the other hand, the mRC system is a register control system for positioning
 19 different colored ink-dots in the right locations relative to each other. (*See Tecce Decl.* at ¶ 7.)
 20 QI presents no evidence, nor can it, that the differences between these two devices are “merely
 21 colorable” or “unrelated to the limitations in the claims” of the ‘577 Patent at issue. QI simply
 22

(Footnote continued from previous page.)

23 impact on this case. Notably, the ultimate construction of the claim term “image” (the only term
 24 construed in the Pennsylvania Case) has no bearing on this case. (*Tecce Decl.* at ¶ 9.)

25 ³ In *Acumed*, Acumed sued Stryker based on Stryker’s sale of a nail for fixing bone
 26 fractures, the “T2 Long.” The district court dismissed Acumed’s suit, finding it was precluded by
 27 a final judgment in an earlier suit between the same parties involving a claim for infringement of
 28 the same patent by a shorter nail for fixing bone fractures known as the “T2 PHN.” *Acumed*, 525
 F.3d at 1322. The Federal Circuit reversed the district court’s dismissal of the T2 Long suit,
 holding that Acumed need not have litigated the T2 Long in the earlier suit because it was not
 “essentially the same” as the T2 PHN. *Id.* at 1327.

1 states that the IDS color density control system device and the mRC register control device “are
 2 typically sold together.” (Motion at 6:19-20). Even if true, this allegation fails to satisfy QI’s
 3 burden to prove that the two devices are essentially the same. *Acumed*, 325 F.3d at 1324 (the
 4 party asserting the preclusion argument “has the burden of showing that the accused devices are
 5 essentially the same” (citing *Foster*, 947 F.2d at 480)).⁴ QI’s motion to dismiss Quad/Tech’s
 6 claim for infringement of the ‘577 Patent in this case must therefore be denied.

7 **4. The Denial of Quad/Tech’s Motion to Amend Does Not Change the** 8 **Result.**

9 QI makes much of the Pennsylvania court’s denial of Quad/Tech’s Motion to Amend its
 10 complaint to add the defendants’ IDS color density control system to its claims of infringement of
 11 the ‘577 Patent. (Motion at 4:16-25; 7:9-8:12.) But far from establishing the impermissibility of
 12 Quad/Tech’s claims in this case, the manner in which courts view such denials only underscores
 13 the propriety of the present case.

14 Patent holders are allowed to assert patents in subsequent infringement suits following
 15 rejection of an amended complaint seeking to raise those patents in a prior suit. For example, in
 16 *Abbey v. Mercedes Benz of N. Am., Inc.*, the Federal Circuit found that a prior amended complaint
 17 adding a third patent, which was dismissed as moot, did not preclude assertion of the third patent
 18 in a subsequent suit between the same parties, though the first two patents were precluded. 138
 19 Fed. Appx. 304, 306-07 (Fed. Cir. 2005); *see also Sandisk Corp. v. ITE Techs., Inc.*, No. 07-cv-
 20 605 & 607, 2010 WL 1410728, at *1-*2 (W.D. Wis. Apr. 2, 2010) (motion for leave to add
 21 continuation patents denied because patentee was “free to file a new lawsuit with respect to the

22 ⁴ QI attempts to distract the Court by arguing that it will have common affirmative
 23 defenses in the two cases. (Motion at 7:1-8.) But its defenses are of no moment in determining
 24 whether two cases involve the same cause of action. *See Foster*, 947 F.2d at 478-79. Moreover,
 25 QI’s arguments that the ‘577 Patent claims are invalid in the Pennsylvania Case will necessarily
 26 be different than its invalidity defense here. This case involves different claims. (Tecce Decl.
 27 ¶ 6.) Since validity is determined strictly on an individual claim-by-claim basis, whether the
 28 claims relating to registration are found invalid in the Pennsylvania Case is simply of no
 consequence here. *See* 35 U.S.C. § 282; *National Steel Car, Ltd. v. Canadian Pac. Ry., Ltd.*, 357
 F.3d 1319, 1334 (Fed. Cir. 2004) (“A validity analysis must be conducted on a claim-by-claim
 basis.”); *Rosco, Inc. v. Mirror Lite Co.*, 304 F.3d 1373, 1379 (Fed. Cir. 2002) (“When
 determining the validity of the claims of a patent, each claim must be separately considered[.]”).

new claims”); *Abbott Diabetes Care, Inc. v. Dexcom, Inc.*, No. 06-cv-514, 2007 WL 2892707, at *3 (D. Del. Sept. 30, 2007) (motion to strike patentee’s complaint in second case denied as there was nothing in the first court’s denial of motion to add patents that “could be construed as preventing Abbott from seeking relief by filing a new complaint.”) (applying Federal Circuit law); *Cummins-Allison Corp. v. Glory Ltd.*, No. 03-cv-358, 2004 WL 1635534, at *3 (E.D. Tex. May 26, 2004) (motion to transfer denied in subsequent action involving new patents, finding the judge in prior action “exercised his discretion to not have new patents joined with the existing litigation and felt they should be the subject of a new cause of action”). *Cf. ACC Climate Control v. Bergstrom, Inc.*, No. 07-cv-125, 2010 WL 746750, *2-3 (N.D. Ind. Mar. 2, 2010) (patentee’s motion for leave to add new patents denied because “the Court [was] not aware of any legal authority that would mandate the patents be tried together because they are related.”) (applying Federal Circuit law). The denial of Quad/Tech’s Motion to Amend similarly does not foreclose its right to bring those claims here.

The Pennsylvania court’s order simply stated: “IT IS FURTHER ORDERED that Plaintiff’s motion for leave to file a second amended complaint (doc. no. 92) is DENIED.” (Tecce Decl., Exh. A.) No reasoning or explanation for the denial was provided, nor did the order indicate that the denial was “with prejudice.” (*See id.*) This perfunctory denial in Pennsylvania does not bar Quad/Tech from asserting here that the defendants’ IDS system infringes the ‘577 Patent.

The cases QI cites do not suggest a different result. Contrary to QI’s assertion, this case is *not* directly analogous to *Biogenex Labs., Inc. v. Ventana Med. Sys., Inc.* (Motion at 7.) In *Biogenex*, the plaintiff asserted certain patent claims against certain products and then sought to amend its infringement contentions to add a new claim against those products. No. C-05-860-JF, 2005 WL 1869342, at *1 (N.D. Cal. Aug. 5, 2005). The court denied the motion. *Id.* The plaintiff then filed a second suit against the same defendant, asserting the extra claim it was not permitted to add to the first suit. *Id.* The second suit was dismissed as improper claim splitting. *Id.* at *3.

1 *Biogenex* is not this case. The additional infringement contentions the *Biogenex* plaintiff
 2 sought to add in its first suit targeted the *very same products* it was already litigating in that first
 3 case. *Id.* at *2. The amendment was denied because of the plaintiff's delay. *Id.* at *1. The
 4 plaintiff's second infringement suit, also involving the *same products*, was dismissed so as not to
 5 negate that decision. *Id.* at *3. Had a materially different product been at issue, as in this case,
 6 the *Biogenex* decision would have run afoul of *Acumed*. *Cf.* 325 F.3d at 1324-26 (preclusion
 7 arises only where the accused devices are essentially the same).

8 Here, by contrast, Quad/Tech sought to amend its complaint in Pennsylvania to add a
 9 *different* product, one that was not already being litigated in that action. (Peters Decl., Exh. E at
 10 ¶ 51.) That motion to amend was denied without explanation. (Tecce Decl., Exh. A.) To assign
 11 that denial preclusive effect here would run afoul of *Acumed*. *See* 325 F.3d at 1324-26.

12 Nor are QI's other cases helpful to its cause. *American Stock Exch., LLC v. Mopex, Inc.*
 13 involved a patent plaintiff who, after the close of fact discovery, sought to add an additional claim
 14 to its infringement allegations against the *same* accused exchange-traded funds. 215 F.R.D. 87,
 15 92 & n.2 (S.D.N.Y. 2002). *Single Chip Sys. Corp. v. Intermec IP Corp.* also involved a
 16 subsequent suit accusing the *same product* of infringement. 495 F. Supp. 2d 1052, 1062-62 (S.D.
 17 Cal. 2007). These cases are inapt in the same way *Biogenex* is.

18 *Black & Decker, Inc. v. Robert Bosch Tool Corp* is similarly unhelpful to QI. There the
 19 court applied *res judicata* to bar a subsequent infringement suit against a different product,
 20 relying on the district court decision *Acumed LLC v. Stryker Corporation*, No. 06-C-642-BR,
 21 2006 WL 3253115 (D.Or. Nov. 6, 2006). *See* 500 F. Supp. 2d 864, 871-72 (N.D. Ill. 2007). The
 22 Federal Circuit has reversed the district court's *Acumed* decision relied on by *Black & Decker*,
 23 *Inc.* *See Acumed*, 325 F.3d at 1327. *Black & Decker, Inc.* is no longer good law on this point.⁵
 24

25 _____
 26 ⁵ QI's remaining cases—*Adams v. California Dept. of Health Servs.*, 487 F.3d 684 (9th
 27 Cir. 2007); *Western Sys., Inc. v. Ulloa*, 958 F.2d 864 (9th Cir. 1992); *Walton v. Eaton Corp.*, 563
 28 F.2d 66 (3d Cir. 1977); *Durney v. WaveCrest Labs., LLC*, 441 F. Supp. 2d 1055 (N.D. Cal. 2005);
 and *Sensormatic Sec. Corp. v. Sensormatic Electronics Corp.*, 329 F. Supp. 2d 574, (D.Md.
 2004)—are not patent cases and are inapplicable here in light of *Acumed*.

Accordingly, as *Acumed* instructs, the denial in Pennsylvania of Quad/Tech’s Motion to Amend to add a new product does not preclude it from asserting infringement claims against that product here. QI’s motion must be denied.

B. The “First-to-File” Rule Does Not Mandate Dismissal of This Case.

QI argues that this suit violates the “first-to-file” rule because “the issues are sufficiently similar” between this case and the first-filed Pennsylvania Case. (Motion at 9.) Despite the fact that this case involves a separate patent (the ‘508 Patent) not asserted in Pennsylvania, separate claims of the ‘577 Patent not at issue in Pennsylvania, and a separate product not at issue in Pennsylvania, QI urges the Court to dismiss in favor of the stayed Pennsylvania Case. QI’s attempt to shoehorn this case into a “first-to-file” analysis is not successful.

1. The “First-to-File” Rule Is Meant To Eliminate Duplicative Cases Unlike This Case.

Under the first-to-file rule, the court may—at its discretion—transfer, stay, or dismiss an action when a similar action has filed previously in another district. *Alltrade, Inc. v. Uniweld Products, Inc.*, 946 F.2d 622, 625-26 (9th Cir. 1991). QI seeks dismissal of this case in its entirety under the rule. (Motion at 9-10.) However, as to the accused IDS system and the ‘508 Patent, *this* is the first-filed case, not the Pennsylvania Case. *See Cummins-Allison*, 2004 WL 1635534, at *3 (“The Court finds that this case is the first-filed case and should proceed in this Court. Although the patents are related and might involve the interpretation of identical claim terms, the patents are different patents than those in suit in the initial Illinois case.”) Moreover, QI argued against amending the Pennsylvania Case to include the IDS product at issue in this case. (Peters Decl., Ex. A (Docket Entry No. 95).) QI should now be estopped from arguing that this case should be dismissed as the second-filed case.

The “first-to-file” rule is not a rigid or inflexible rule to be mechanically applied. *Pacesetter Sys., Inc. v. Medtronic, Inc.*, 678 F.2d 93, 95 (9th Cir. 1982). The decision whether to apply the “first-to-file” rule is discretionary, and involves determinations concerning “[w]ise judicial administration, giving regard to conservation of judicial resources and comprehensive disposition of litigation.” *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 183

(1952). In determining whether the “first-to-file” rule applies, this Court must determine whether the two pending actions are “so duplicative or involve substantially similar issues that one court should decide the issues[.]” *Intersearch Worldwide, Ltd. v. Intersearch Group, Inc.*, 544 F. Supp. 2d 949, 959-60 (N.D.Cal. 2008) (citations omitted). “[T]here must be substantial overlap between the two suits.” *Id.* at 960 (citations and internal quotes omitted).

2. There Is Not a Substantial Overlap of Issues Between the Two Suits.

QI’s argument that the “first-to-file” doctrine mandates dismissal of this case should be rejected. This action and the Pennsylvania Case do not substantially overlap. First, the ‘508 Patent is not at issue in the Pennsylvania Case—it was first asserted here. That fact alone is fatal to QI’s argument. Moreover, that the ‘577 Patent is at issue in both cases is not dispositive of whether there is overlap. *See Cummins-Allison*, 2004 WL 1635534, at *3 (“This Court has been involved in cases where the patents and disputed claim terms have been the subject of two different suits pending at the same time.”)

This case also involves different patent claims with respect to the ‘577 Patent. “One way to consider this overlap [in a first-to-file analysis] is by considering the [patent] claims at issue.” *Document Gener. Corp. v. Allscripts, LLC*, No. 08-cv-479, 2009 WL 2824741, at *2 (E.D. Tex. Aug. 27, 2009) (first-to-file rule transfer request denied). Given that a wholly new patent—the ‘508—is at issue here, completely different claims of the ‘577 Patent are being asserted, and a different product is being accused of infringement—the IDS—there is little risk of inconsistent rulings or competing claim constructions between this case and the Pennsylvania Case. Indeed, as noted above, the Pennsylvania court only construed a single claim term—a term that will not be at issue in this case. (Tecce Decl., ¶ 9.) The issues in these cases are not “so duplicative . . . that one court should decide [them].” *Intersearch Worldwide, Ltd.*, 544 F. Supp. 2d at 959-60.

Quad/Tech should not be “chained” forever to Pennsylvania simply because it has a patent case pending there on printing technology, especially since that case has been stayed. *See Document Gener. Corp.*, 2009 WL 2824741, at *2 (“Were the Court to rule that it is improper for a Court to consider the specific claims or products at issue, it would chain Plaintiff to S.D. Illinois whenever it asserted a patent in the same family as the ‘366 Patent. The Court is unwilling to

1 create such a rule, particularly in light of the fact that the S.D. Illinois action is currently stayed.”)
 2 Quad/Tech was not “judge shopping” when it filed this suit here, as QI contends. (Motion at
 3 10:2.) This district is where the infringing conduct took place (as explained below). Quad/Tech
 4 did not “set sail” for California; QI brought us here. Its motion should be denied.

5 **C. This Case Should Not Be Transferred to Pennsylvania.**

6 As a fallback position, QI argues that this case should be transferred to the Eastern District
 7 of Pennsylvania “for disposition in conjunction with” the Pennsylvania Case. (Motion at 11.)
 8 The transfer statute, 28 U.S.C. § 1404(a), is inapplicable here, however, because this suit could
 9 not have been brought in the Eastern District of Pennsylvania. In addition, QI fails to
 10 demonstrate that the convenience of the parties and witnesses, and the interest of justice, support
 11 transfer of this case.

12 **1. The Court Cannot Transfer Because This Case Could Not Have Been**
 13 **Brought in Pennsylvania.**

14 The first consideration in a venue transfer analysis is whether the action could have been
 15 brought in the judicial district to which the transfer is sought. 28 U.S.C. § 1404(a). In
 16 considering where an action “might have been brought,” for purposes of section 1404(a), the
 17 district court must look solely to the state of affairs at “the time of the bringing of the action.”
 18 *Hoffman v. Blaski*, 363 U.S. 335, 342-43 (1960). A defendant’s consent to submit to jurisdiction
 19 of a proposed transferee court after an action is filed will not satisfy section 1404(a). *Id.* at 342-
 20 44; accord *Commercial Lighting Prods., Inc. v. United States Dist. Court*, 537 F.2d 1078, 1079
 21 (9th Cir. 1976) (district court erred in transferring action to district where it could not originally
 22 have been brought); *Bayer Schera Pharma AG v. Sandoz, Inc.*, No. 08-cv-3710, 2009 WL
 23 440381, at *4-*6 (S.D.N.Y. Feb. 18, 2009) (transfer denied as accused infringer failed to show
 24 that the Nevada court would have had personal jurisdiction over it at the time the present suit
 25 commenced).

26 Quad/Tech could not have brought this case against the defendants in Pennsylvania.
 27 Pennsylvania has neither general nor specific jurisdiction over either defendant for purposes of
 28 this action. Neither defendant is a Pennsylvania corporation; neither has a Pennsylvania office;

1 and neither transacted a continuous and substantial amount of business in Pennsylvania. (Tecce
2 Decl. at ¶ 11.) QI offers no evidence to the contrary.

3 The events giving rise to the patent infringement claims in this case occurred exclusively
4 in this forum—the sale of the IDS color density control system to Transcontinental in Fremont,
5 California. (Motion at 6:19-22.) QI submits no evidence that an IDS was sold in Pennsylvania.
6 That Quad/Tech sought to add the IDS product to the Pennsylvania Case in a motion for leave to
7 amend its complaint, and that the defendants did not object to jurisdiction in their opposition to
8 the motion, does not absolve QI of its burden of demonstrating that jurisdiction existed in
9 Pennsylvania. *See Hoffman*, 363 U.S. at 344 (in evaluating transfer “it is immaterial that the
10 defendant subsequently makes himself subject, by consent, waiver of venue and personal
11 jurisdiction defenses or otherwise, to the jurisdiction” of the other forum) (internal quotations
12 omitted).

13 QI thus fails to carry its burden of demonstrating that, aside from any potential consent to
14 suit in the Pennsylvania forum, it would have been subject to jurisdiction in Pennsylvania at the
15 time this suit commenced. *See id.* at 342-43. QI’s transfer request should be denied for failing to
16 meet this essential element of 28 U.S.C. § 1404(a).

17 **2. The Factors Do Not Weigh in Favor of Transfer.**

18 QI further fails to prove that a transfer of this case would be warranted under 28 U.S.C.
19 § 1404(a) for the convenience of the parties and witnesses and in the interest of justice. A
20 transfer is not appropriate merely to shift the inconvenience from one party to another—the
21 burden is on the party seeking transfer to prove that the balance of the conveniences and justice
22 factors “tip strongly” in favor of transfer of venue. *Florens Container v. Cho Yang Shipping*, 245
23 F. Supp. 2d 1086, 1091-92 (N.D. Cal. 2002); *accord Decker Coal Co. v. Commonwealth Edison*
24 *Co.*, 805 F.2d 834, 843 (9th Cir. 1986). “In order to meet its burden, the moving party must
25 present affidavits or declarations to establish the facts supporting transfer.” *Forte Capital*
26 *Partners v. Harris Cramer*, No. 07-cv-1237, 2007 WL 1430052, at *2 (N.D. Cal. May 17, 2007).
27 QI fails to meet its burden.

Plaintiff's Choice of Forum

Generally, a plaintiff's choice of forum should not be disturbed. "[U]nder Ninth Circuit law, a plaintiff's choice of forum is accorded substantial weight in proceedings under this section, and courts generally will not transfer an action unless the 'convenience' and 'justice' factors strongly favor venue elsewhere." *Florens Container*, 245 F. Supp. 2d at 1092 (citing *Sec. Investor Protection Corp. v. Vigman*, 764 F.2d 1309, 1317 (9th Cir. 1985)). QI argues that Quad/Tech's choice of forum here is not entitled to deference "because it appears to be a case of forum-shopping." (Motion at 11:1-3.) As set forth above, QI's charge is unfounded.

QI is subject to specific jurisdiction in this forum—it sold the accused infringing IDS device here. The center of gravity of the infringing conduct in this case is thus in this forum. These reasons, *not* forum shopping, brought Quad/Tech to this Court. Notably, QI argued against amending the Pennsylvania Case to include the IDS product at issue in this case, and it should now be estopped from trying to move it back to Pennsylvania.

Convenience of the Witnesses and the Parties

QI names no witnesses and offers no evidence in support of its transfer request. This alone is fatal to its transfer motion. *Adoma v. University of Phoenix, Inc.*, __ F. Supp. 2d __, 2010 WL 1797263, at *8 (E.D. Cal. May 3, 2010) ("The party moving for transfer must demonstrate, through affidavits or declarations containing admissible evidence, who the key witnesses will be and what their testimony will generally include."); *accord Florens Container*, 245 F. Supp. 2d at 1093. Thus, QI fails to identify any burden this forum presents to non-party witnesses. *Trujillo v. GT USA, Inc.*, No. 09-cv-5179, 2010 WL 809505, at *2 (N.D. Cal. Mar. 5, 2010). Indeed, non-party witnesses from QI's Fremont, California customer, Transcontinental are undoubtedly located in this district. Nor does QI assert that any key non-party witness is unavailable for trial as beyond the subpoena power of the Court. *See Costco Wholesale Corp. v. Liberty Mut. Ins. Co.*, 472 F. Supp. 2d 1183, 1194 (S.D. Cal. 2007). Absent affidavits or declarations, QI's statement that appearing in a single district is more convenient than appearing in two (Motion at 11:9-13) is simply conclusory attorney argument and is not due significant weight.

1 QI states that documents have already been produced in Pennsylvania related to the
 2 Pennsylvania Case. (Motion at 11: 13-16.) It does not, however, say what portion of those
 3 documents will be relevant to this action—particularly since the Pennsylvania Case concerned a
 4 wholly different product—or whether the documents are so voluminous that shipping them to this
 5 forum would cause an undue burden. Even so, “[g]iven the advances in technology, the ease in
 6 access to documents does not weigh heavily in the motion to transfer analysis.” *Digby Adler*
 7 *Group LLC v. Image Rent A Car, Inc.*, No. 10-cv-617, 2010 WL 2867134, at *6 (N.D. Cal. Jul.
 8 20, 2010).

9 While QI notes that “Pennsylvania is more convenient for a small Rhode Island company
 10 than is California” (Motion at 11:15-16), QI does not assert that it is financially unable to defend
 11 this case in this forum or that the cost of litigating in this forum is significantly more than in
 12 Pennsylvania. *See Hajjar v. Blue Cross & Blue Shield of Texas*, No. 09-cv-362, 2009 WL
 13 2902482, at *6 (C.D. Cal. Sept. 10, 2009) (transfer denied). Nor does it mention its larger Dutch
 14 parent company, Q.I. Press Controls, B.V., which, although consenting to service in the
 15 Pennsylvania Case, is currently avoiding service of process here, and which will be in the case
 16 once service is effected. QI has failed to demonstrate that transfer of this case to Pennsylvania
 17 would serve the convenience of the parties or the witnesses.

18 Public Interest Factors

19 QI also fails to prove that the balance of the public interest factors strongly favors transfer
 20 of venue. In fact, these factors weigh against transfer:

- 21 • The Eastern District of Pennsylvania has a more congested docket than the Northern
 22 District of California and has the highest ratio of pending actions per judgeship of all district
 23 courts. (*See Tecce Decl.*, Exhs. B & C.)
- 24 • Because federal patent law is to be applied in this case, the Pennsylvania court has no
 25 greater familiarity with the applicable law, which weighs against transfer.
- 26 • QI argues that the time to trial “will be significantly less in the Pennsylvania case,
 27 because the preliminary injunction proceedings and extensive discovery have already occurred in
 28 Pennsylvania” (Motion at 11:22-24.) This assertion is belied by the defendants’ conduct

1 and the procedural posture of the Pennsylvania Case. The defendants opposed Quad/Tech's
 2 motion to remove the non-patent infringement claims from the stay so that discovery on them
 3 could start. (Peters Decl., Ex. A (Docket Entry No. 113).) Accordingly, the unrelated claims for
 4 violation of the Lanham Act, common law unfair competition, and tortious interference with
 5 prospective contracts against the defendants and their Pennsylvania distributor have been stayed.
 6 (*See* Tecce Decl. at ¶ 12.)

7 • QI is mistaken that neither forum has a special local interest in the controversy.
 8 (Motion at 11:21-22.) The sale of infringing products in this district provides this forum both
 9 with a particular interest in this case, and a substantial connection to its subject matter. These
 10 factors weigh against transfer. *See Pacific Car and Foundry Co. v. Pence*, 403 F.2d 949, 954 (9th
 11 Cir. 1968) (consideration must be given to defendant's business contact with the chosen forum);
 12 *see also Cummins-Allison*, 2004 WL 1635534, at *5 ("the admitted sale of the allegedly
 13 infringing products in the [forum] is an event that is significant and relevant to this action")
 14 (citing *Nokia Corp. v. Buca, Inc.*, No. 01-cv-2313, 2002 WL 1461913, at *2 (N.D. Tex. Jul. 2,
 15 2002) (transfer denied where allegedly infringing products were sold and offered for sale in
 16 forum state even though the products were distributed and sold from the defendant's headquarters
 17 in another state where all of defendant's key witnesses and documents related to the sale of the
 18 products were located)); *Candela Corp. v. Palomar Med. Techs., Inc.*, No. 06-cv-277, 2007 WL
 19 738615, at *5 (E.D. Tex. Feb. 22, 2007) (court found local interest in dispute since some alleged
 20 infringement occurred in the district).

21 • Finally, QI's contention that transferring this action to Pennsylvania will result in
 22 judicial economy because "both lawsuits involve many common questions of law and fact" is
 23 baseless. (Motion at 11:23-25.) As discussed at length above, this action involves a different
 24 accused system (IDS), a different patent (the '508 Patent), and different claims of the '577 Patent
 25 than the Pennsylvania Case. Courts routinely deny transfers in such cases. *See Everpure, LLC v.*
 26 *Selecto, Inc.*, No. 09-cv-2844, 2010 WL 480970, at *3 (C.D. Cal. Feb. 3, 2010) (transfer denied to
 27 accused infringer's home forum where another patent infringement suit was pending between the
 28 parties, even though the patentee was not a California corporation and did not have its

headquarters there, because “[t]he mere *similarity* of patents and identity of parties is insufficient to warrant a discretionary transfer”) (emphasis in original); *J2 Global Communs., Inc. v. Protus IP Solutions, Inc.*, No. 08-cv-211, 262, 263 & 275, 2008 WL 5378010, at *6 (E.D. Tex. Dec. 23, 2008) (transfer denied where case involved only one of the four patents involved in other cases); *Garmin Ltd. v. TomTom, Inc.*, No. 06-cv-338, 2007 WL 708587, *2–*3 (E.D. Tex. Mar. 5, 2007) (transfer denied to forum where the patentee had filed an infringement suit asserting four other patents); *Ethicon Endo-Surgery, Inc. v. Hologic, Inc.*, No. 09-cv-580, 2009 WL 3333933, at *3 (D. Del. Oct. 15, 2009) (transfer to Ohio denied because present suit involved two different patents and a different accused product); *Nice Sys., Inc. v. Witness Sys., Inc.*, No. 06-cv-311, 2006 WL 2946179, at *3 (D. Del. Oct. 12, 2006) (transfer denied despite three other pending suits by the patentee in Georgia which had some overlap in parties, products and technologies); *ConnecTel LLC v. Cisco Sys., Inc.*, No. 04-cv-396, 2005 WL 366966, at *3 (E.D. Tex. Feb. 16, 2005) (transfer denied where other court “merely construed two terms found in one of the four patents at issue”); *SmithKline Beecham Corp. v. Geneva Pharms., Inc.*, No. 99-cv-2926, 2000 WL 217642, at *2 (E.D.Pa. Feb. 11, 2000) (transfer denied where different products and additional patents were at issue). Transfer should similarly be denied here.

III. CONCLUSION.

For the forgoing reasons, Quad/Tech respectfully requests that QI’s Motion to Dismiss or Transfer be denied in its entirety.

Respectfully submitted,

Dated: October 15, 2010

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**Quad/Tech Inc.'s Opposition to Defendant QIPC-NA's
Motion to Dismiss or Transfer
(continued)**

Attestation of Concurrence

I, Marc N. Bernstein, as the ECF user and filer of this document, attest that concurrence in the filing of this document has been obtained from Frederick A. Tecce, the above signatory.

Dated: Oct. 15, 2010

_____/s/_____
Marc N. Bernstein